IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

UNITED STATES AUTOMOBILE ASSOCIATION	)(	
	)(	CIVIL ACTION NO.
VS.	)(	2:18-CV-245-JRG
	)(	MARSHALL, TEXAS NOVEMBER 5, 2019
WELLS FARGO BANK, N.A.	)(	1:49 P.M.

TRANSCRIPT OF JURY TRIAL

AFTERNOON SESSION

BEFORE THE HONORABLE CHIEF JUDGE RODNEY GILSTRAP,

UNITED STATES DISTRICT JUDGE

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(Proceedings recorded by mechanical stenography, transcript produced on a CAT system.)

P R O C E E D I N G S

(Jury out.)

COURT SECURITY OFFICER: All rise.

THE COURT: Be seated, please.

All right. The Court is now prepared to take up motions from either party under Rule 50(a) of the Federal Rules of Civil Procedure.

Does Plaintiff have any motion to offer under Rule 50(a)?

MR. STRABONE: Yes, Your Honor.

THE COURT: Identify for me, if you will, counsel, the substantive matters on which Plaintiff seeks to move under Rule 50(a).

MR. STRABONE: Thank you, Your Honor. May it please the Court. Andrew Strabone for the Plaintiff.

USAA respectfully moves under Rule 50(a) for judgment as a matter of law on four issues.

Infringement under literal -- literal infringement and Doctrine of Equivalents; willful infringement; Section 101 Alice, Step 2; and damages -- specifically that any award of damages cannot reflect a lump sum or fully paid-up license for future infringement.

THE COURT: Say that last one again.

MR. STRABONE: Specifically that any award of damages cannot reflect a lump sum or a fully paid-up

01:52:02 license for future infringement.
01:52:09 THE COURT: All right. Let me ask the same
01:52:11 question of Defendant. Does Defendant care to offer any
01:52:15 motions for consideration by the Court under Rule 50(a) of
01:52:18 the Federal Rules of Civil Procedure?
01:52:21 MR. MCCULLOUGH: Yes, Your Honor, we do.
01:52:23 THE COURT: If you would in a similar fashion
01:52:25 identify topically those areas, please.
01:52:27 MR. MCCULLOUGH: Yes, Your Honor. Defendant,
01:52:29 Wells Fargo, will move for judgment as a matter of law
01:52:31 under Rule 50(a) on the issues of infringement, both
01:52:34 literal and Doctrine of Equivalents; willful infringement;
01:52:36 damages; and Section 101 patent eligibility.
01:52:41 THE COURT: And I gather you mean Section 101
01:52:49 patent eligibility as to Step 2 of the analysis since I've
01:52:54 already ruled on Step 1 as a matter of law?
01:53:00 MR. MCCULLOUGH: Yes, Your Honor.
01:53:03 THE COURT: Well, counsel, it appears --
01:53:03 MR. MCCULLOUGH: Sorry.
01:53:03 THE COURT: Yes?
01:53:05 MR. MCCULLOUGH: To clarify to preserve the issue,
01:53:07 we're -- to the extent necessary, we are also moving under
01:53:10 Step 1, as well.
01:53:11 THE COURT: Okay. I never have a problem with a
01:53:19 lawyer trying to preserve an issue.

01:53:23 Well, it appears that the parties are effectively
01:53:27 in a posture of having mirror image motions of each other
01:53:31 as to the same substantive areas.
01:53:35 That being the case, I see no reason why I
01:53:40 shouldn't hear concurrent arguments from both Plaintiff and
01:53:43 Defendant on each of these four substantive areas. And
01:53:46 we'll begin with the area of infringement.
01:53:51 Plaintiff seeks judgment as a matter of law that
01:53:54 the claims asserted have been infringed either both
01:53:59 literally or under the Doctrine of Equivalents.
01:54:02 Defendant seeks judgment as a matter of law that
01:54:05 the asserted claims have not been infringed either
01:54:08 literally or under the Doctrine of Equivalents.
01:54:09 I'll hear those competing arguments from both
01:54:12 sides concurrently.
01:54:15 I'll begin with the argument from Plaintiff, and
01:54:17 then hear argument from Defendant.
01:54:19 MR. STRABONE: Thank you, Your Honor.
01:54:19 USAA moves for judgment as a matter of law that no
01:54:23 reasonable jury could find that the accused Wells Fargo --
01:54:27 Fargo product does not infringe the asserted claims of the
01:54:31 '571 patent and the '090 patent.
01:54:32 THE COURT: Let me stop you, counsel. Are you
01:54:34 going to read a 20-page document to me?
01:54:37 MR. STRABONE: Half a page, Your Honor.

THE COURT: All right. Please continue.

MR. STRABONE: Thank you, Your Honor.

Under literal infringement or under the Doctrine of Equivalents. Patent claims literally infringe if the accused device includes each and every element of the claim.

And under the Doctrine of Equivalents, a product or process that does not literally infringe a patent may nevertheless be held to infringe if it performs substantially the same function in substantially the same way to achieve substantially the same result.

Wells Fargo does not dispute that the Wells Fargo mobile deposit application practices each and every element of the asserted claims, except the capture element.

The testimony of Professor Conte and Dr. Villasenor and Mr. Wood has shown that the Wells Fargo mobile deposit application practices each and every element of the asserted claims, including the capturing element.

Further, the testimony of Professor Conte has shown that the Wells Fargo mobile deposit application performs substantially the same function as the asserted claims in substantially the same way to obtain substantially the same result.

Based on the evidence presented at trial, no reasonable jury could find that the accused Wells Fargo

product does not meet every limitation of the asserted claims, and no reasonable jury could find that the accused Wells Fargo product does not perform substantially the same function as the asserted claims in substantially the same way to achieve substantially the same result.

Therefore, USAA respectfully requests that the Court enter judgment in its favor on the issue of infringement under both literal infringement and the Doctrine of Equivalents and hold that Defendant has infringed the '571 patent and the '090 patent.

Thank you, Your Honor.

THE COURT: Let me hear a responsive argument and argument on their own behalf from Defendant as to this matter.

MR. MCCULLOUGH: Thank you, Your Honor. May it please the Court.

Wells Fargo submits that judgment as a matter of law should be entered in favor of Defendant on Plaintiff's claims for infringement, both literal and under the Doctrine of Equivalents.

First, Plaintiff failed to establish that Wells Fargo uses the DevApp code, which is the only code accused of infringement.

Plaintiff's infringement case for the disputed capture limitation rests entirely on a single source code

function in Exhibit DTX-11 at Pages 194 through 198 which has also been presented as DTX-611.

This code is from the folder DevApp and USAA's expert Dr. Conte testified he has no understanding of what DevApp means. That's from the October 31st trial transcript in the afternoon at Page 42, Lines 13 through 20.

As Mr. Wood explained, DevApp is internal Mitek testing code that is not used by Wells Fargo. That's the November 4th morning trial transcript at 69, Lines 7 through 18.

Thus, there's no evidence tying Wells Fargo in any manner to the only source code accused of infringement.

Second, Plaintiff has failed to establish literal infringement. Plaintiff failed to establish that Wells Fargo captures "when," which the Court has construed as at or after, the monitoring criterion is passed.

Mr. Wood testified that the accused MiSnap code captures the image from the camera first and then performs IQA. Both experts -- both infringement experts agree that the functional steps performed by the code include receiving the image from the camera first and then performing IQA analysis later.

Dr. Villasenor explains that such steps fail to meet the Court's construction of "when" because the image

is not captured at or after the monitoring criterion has passed.

Next, Plaintiff's literal infringement theory is not capturing with the camera, as the claims require, and, therefore, judgment as a matter of law should be entered.

Dr. Conte admitted on cross-examination that his first and only infringement theory was the capture occurred when the image was saved at the server. That's the October 31st transcript in the morning at Page 125, Lines 15 through 22.

Dr. Conte further admitted that part of the basis for his opinion was that the -- the image was not stored in non-volatile memory until it was saved to the server.

On direct examination, Dr. Conte made a different allegation that the moment of capture is when the image is saved as a JPEG to a variable named docCaptureResults. None of these theories involves the use of the camera, and Dr. Conte does not allege otherwise.

The uncontroverted testimony of Mr. Wood and Dr. Villasenor is that the code cited by Dr. Conte does not involve the camera.

Additionally, Dr. Conte and Dr. Villasenor both testified that the claims of the patent have -- make no distinction between volatile and non-volatile memory.

Third, Plaintiff failed to establish infringement

under the Doctrine of Equivalents because Plaintiff failed to present particularized testimony and linking argument for the capture limitation.

Dr. Conte's analysis of the D -- of the Doctrine of Equivalents is highly conclusory. He fails to make any comparison between the claim language in his proposed equivalent and instead, merely asserts the ultimate conclusion of equivalency.

Additionally, Plaintiff's Doctrine of Equivalents evidence is subsumed within its literal infringement case in violation of Ncube Corp. versus Seachange International, 436 F.3d 1317, from the Federal Circuit, 2006.

Moreover, Plaintiff's Doctrine of Equivalents case fails to satisfy the all elements rule and show that Wells Fargo has infringed each and every limitation of the asserted patent.

Finally, prosecution history estoppel bars USAA's proposed equivalent. Wells Fargo incorporates its prior motion for summary judgment on this subject, which was Document No. 132. And Wells Fargo further submits that the trial testimony confirms that USAA should be estopped from arguing the equivalent it advanced at trial.

All experts agree that the functional steps performed by the code include receiving the image from the camera first and then analyzing it later.

02:00:54 USAA's arguments relating to the Graham reference
02:00:57 during prosecution disclaimed this same process, and,
02:01:01 therefore, should estop USAA's DOE theories.
02:01:04 Therefore, Wells Fargo respectfully requests the
02:01:07 Court enter judgment as a matter of law on Plaintiff's
02:01:09 claims for infringement.
02:01:11 THE COURT: Thank you, counsel.
02:01:12 The Court will next move to the issue of
02:01:16 willfulness.
02:01:17 Plaintiff has moved for judgment as a matter of
02:01:20 law that any infringement of Defendant was done willfully.
02:01:26 Defendant has moved for judgment as a matter of
02:01:28 law that any infringement was not willful.
02:01:32 Let me hear competing arguments on this same
02:01:35 substantive topic from both parties, again, beginning with
02:01:39 Plaintiff.
02:01:40 MR. STRABONE: Thank you, Your Honor.
02:01:40 USAA moves for judgment as a matter of law that no
02:01:44 reasonable jury could find that Defendant has not willfully
02:01:47 infringed the asserted claims of the '571 and the '090
02:01:51 patents.
02:01:51 In particular, the testimony of Mr. Calman,
02:01:54 Mr. Bueche, Ms. Lockwood-Stein, Mr. Wood, and Mr. Ajami has
02:01:59 shown that Wells Fargo acted willfully when it infringed
02:02:03 the asserted claims, including by examining USAA's system

and leveraging design learning when creating its own infringing system.

A finding of willfulness requires that Wells Fargo acted egregiously, willfully, or wantonly when infringing the patents-in-suit. Infringement is egregious, willful, or wanton when the actions of the Defendant are taken in reckless or callous disregard of or with indifference to the rights of the patentee.

The Defendant is indifferent to the rights of another when it proceeds in disregard of a high or excessive danger of infringement that is known to it or was apparent to a reasonable person in its position.

USAA has introduced substantial evidence that Wells Fargo willfully infringed the patents-in-suit, including evidence that USAA marked its patent in December 2016. USAA provided notice to Wells Fargo in August 2017, and provided claim charts in February 2018.

There was evidence of internal Wells Fargo documents showing that Wells Fargo had viewed screenshots of USAA's marking page prior to the filing of this lawsuit, as well as the continued release of different versions of accused products since the filing of this lawsuit.

Based on the evidence presented at trial, no reasonable jury could find that Wells Fargo has not willfully infringed the patents-in-suit. Therefore, USAA

02:03:17 respectfully requests that the Court enter judgment in its
02:03:20 favor on the issue of willfulness.
02:03:22 Thank you, Your Honor.
02:03:22 THE COURT: Let me hear competing argument from
02:03:24 Defendant.
02:03:25 MR. MCCULLOUGH: May it please the Court.
02:03:30 Wells Fargo submits that judgment as a matter of
02:03:34 law should be entered in favor of Defendant on Plaintiff's
02:03:37 claims for willful infringement.
02:03:38 First, USAA has failed to establish that Wells
02:03:41 Fargo knew of the '571 or '090 patents, which is a
02:03:45 prerequisite to finding willful infringement. There is no
02:03:49 properly admissible evidence that Wells Fargo had pre-suit
02:03:52 knowledge of the patent, and Wells Fargo incorporates its
02:03:55 motion for summary judgment, as well as its motion in
02:03:57 limine related to the February 2018 email and all prior
02:04:02 argument on that subject.
02:04:02 Additionally, USAA adduced no evidence at trial
02:04:06 that Wells Fargo knew of the '090 patent in any manner.
02:04:09 Second, USAA has failed to establish any egregious
02:04:14 conduct by Wells Fargo that would support a finding of
02:04:16 willfulness.
02:04:17 USAA has not identified any improper conduct. The
02:04:22 evidence it cites is generally not specific to auto
02:04:24 capture, and certainly not specific to the specific

sequence of steps that are required by USAA's claims.

Other evidence in the case, for example, PX-162, evidences standard business discussions about the ground rules for potential licensing discussions but does not support a finding of improper or egregious conduct by Wells Fargo.

In fact, shortly after the discussions on the ground rules for future licensing discussions were completed, USAA sued Wells Fargo.

USAA fails to identify any relevant or allegedly egregious conduct by Wells Fargo in the interim after that agreement was made, and, thus, that agreement and the February 2018 email cannot support a finding of willfulness. Therefore, Wells Fargo requests that the Court enter judgment as a matter of law that there has been no willful infringement.

THE COURT: Thank you, counsel.

All right. Next let's turn to the issue of patent eligibility. While I said a few moments ago the Court never has a problem with a lawyer trying to maintain its posture in the record for potential argument at a later stage, I am concerned about this for the following reasons.

Number one, the Court's previously issued a lengthy and carefully considered ruling on the issue of patent eligibility as a part of Document 283 on file in

this case.

The Court, as a part thereof, addressed the Alice/Mayo analysis and found under Step 1 of that analysis that the claims at issue in the patents-in-suit are not directed to an abstract concept.

That's a question of law, clearly. And Rule 50(a), as provided in the rule itself, is only as to matters that have been fully heard and at issue during a jury trial.

Step 1 of the Alice/Mayo analysis was not heard as a part of this jury trial and was not properly heard as a part of this jury trial because it's a matter for the Court only to decide.

So I find that any arguments regarding Step 1 of the Alice/Mayo analysis are not proper under Rule 50(a) for argument at this point.

With regard to the Step 2 process under Alice and Mayo, the Court's opinion at Document -- Document 283 clearly set forth that because the Court found the targeted claims and patents were not directed to an abstract concept, that they were patent eligible under Step 1, but then alternatively and as a matter of caution, the Court went on to look at the Step 2 process and found that there were potentially questions of fact as to Step 2 that would have precluded the granting of summary judgment.

But based on the Court's ruling that -- affirmatively that Step 1 was not directed to an abstract concept, it was not appropriate for either party to put on evidence of Step 2 in this trial and neither party put on any evidence of Step 2 in this trial that I'm aware of.

Therefore, I don't know any basis upon which patent eligibility, either under Step 1 or Step 2, could be appropriate for consideration and argument under Rule 50(a) of the Federal Rules of Civil Procedure, which by definition are limited to issues that were fully heard by the jury.

Under Step 1, nothing was heard because it's a question of law.

Under Step 2, nothing was heard because the Court ruled in advance of the trial the patents were eligible.

So there's been nothing under either Step 1 or Step 2 presented that's been to this jury during this trial. Consequently, I don't find that Rule 50(a) applies, and that argument at this juncture related to issues that arise solely under Rule 50(a) would be appropriate.

I'm happy for counsel to make what statements they want to for the record, but I don't intend to hear affirmative argument, having determined that this is not an appropriate issue for presentation to the Court under Rule 50(a).

02:08:50 MR. STRABONE: Understood, Your Honor. Could I
02:08:52 have a moment, Your Honor?
02:08:53 THE COURT: Yes.
02:09:02 MR. STRABONE: Thank you, Your Honor.
02:09:03 We are going to make a brief statement with
02:09:08 respect to Step 2.
02:09:09 THE COURT: As I said, you may make a brief
02:09:11 statement.
02:09:12 MR. STRABONE: Thank you, Your Honor.
02:09:13 THE COURT: I'm not going to consider it argument
02:09:16 for a ruling by the Court though.
02:09:17 MR. STRABONE: Understood.
02:09:17 In the Court's memorandum and opinion on Wells
02:09:18 Fargo's motion for summary judgment, pursuant to 35 U.S.C.
02:09:22 Section 101, the Court determined that there were material
02:09:24 issues of fact on the question of Alice Step 2.
02:09:28 Specifically, the Court found that Wells Fargo
02:09:29 proffers no evidence that the limitations providing
02:09:32 corrective feedback to the user to assist in satisfying the
02:09:36 monitoring -- monitoring criteria were well-known in the
02:09:39 industry.
02:09:40 Wells Fargo has presented no evidence to the jury
02:09:42 on that issue, nor has it presented evidence that the
02:09:45 elements of each claim, either individually or as an
02:09:49 ordered combination, were well-understood, routine, and

conventional in the -- in the industry.

As such, Wells Fargo has not met its burden to prove ineligibility by clear and convincing evidence. The material issues of fact that the Court had identified in its summary judgment order are now resolved. There are no facts to support Wells Fargo's defense.

No reasonable jury could find for Wells Fargo with respect to Alice Step 2, and USAA requests that judgment be entered in its favor with respect to Alice Step 2.

Thank you, Your Honor.

THE COURT: All right. Does Defendant care to be heard on this matter?

MR. HILL: Yes, Your Honor. Just briefly.

We obviously disagree with the position that was just advanced by the Plaintiff. We completely agree with the Court's characterization of the record and the Court's conclusion with regard to the inappropriateness of a Rule 50(a) motion on an issue that was not tried.

The Court resolved the 101 issue as a pure matter of law and Step 1 of the Alice analysis, and that concludes the issue. And thus nothing was tried and no Rule 50(a) motion is appropriate, so we would concur with the Court's conclusions there. And I just note that for the record.

THE COURT: All right. Next, the Court will take up and hear argument from the competing motions from the

parties regarding damages.

Given that these also are mirror image positions of each other, let me hear from Plaintiff first, and then I'll hear appropriate argument in response from Defendant.

MR. STRABONE: Thank you, Your Honor.

Our positions may not be mirror images, as Plaintiff's motion is specifically addressed towards lump sum or fully paid-up licenses for future infringement.

So after Defendant has given its motion --

THE COURT: I'll hear your argument, then I'll hear Defendants.

But since you raised that question, counsel, let me ask you this.

MR. STRABONE: Yes.

THE COURT: The alternative to a lump-sum royalty is a running royalty. When at all during this trial and where in the transcript can you point me to one time where anybody used the two words together, "running royalty"?

MR. STRABONE: Your Honor, I --

THE COURT: I never heard it throughout this entire trial.

MR. STRABONE: I understand that, Your Honor, and perhaps I was wrong to focus on the phrase "lump sum," and instead, it's -- the focus was on future infringement.

And the issue here is that lump sum and fully

paid-up license, which Mr. Gerardi has used in his expert report, is a royalty based on an estimate of sales for both past and future infringement of the patents-in-suit.

THE COURT: I -- I well know what a lump sum is, counsel.

MR. STRABONE: Understood, Your Honor.

THE COURT: I'm talking about the evidence that's been presented before the jury.

MR. STRABONE: Wells Fargo --

THE COURT: Not what an expert may have written in his report.

MR. STRABONE: I understand, Your Honor.

Wells Fargo has presented no evidence concerning the extent of future sales of the accused product. Therefore, USAA requests that the Court enter judgment in its favor that any damages award only reflect the damages period through the date of trial.

THE COURT: And what evidentiary basis do you have to ask for that for affirmative relief from the Court under Rule 50(a)?

MR. STRABONE: There was no evidence in the record, Your Honor, again, of any -- any information concerning future infringement. And all of the evidence in the record given by both -- both Mr. Gerardi and Mr. Weinstein and Mr. Calman were for damages through the

date of trial.

THE COURT: And it's your position that those witnesses clearly testified that their damages were limited as of the date of trial and that in their opinion, there would be future infringement and future royalties due beyond the date of trial, given that their testimony was limited to only infringement through the date of trial?

MR. STRABONE: I think that's an accurate characterization of my opinion -- of our position, Your Honor.

THE COURT: Again, there may have been -- there may have been statements made by witnesses that the testimony they were giving was as of the date of trial. But I don't recall any evidence that indicated that because the -- it was at the -- as of the date of trial the door was opened to future royalties and that the jury could expect there to be royalties due in the future for continuing infringement beyond the evidence that was presented.

Nowhere in the evidence do I find that the witnesses actually indicated there would be any damages due beyond the evidence that they offered at trial.

Can you point me to somewhere in the record where a witness for the Plaintiff indicated affirmatively that there would be future royalties due for ongoing

infringement and that there was anything beyond the damages appropriate in this case more than the evidence through the date of trial that they gave?

Yes, they did say this is as of the date of trial. But that's a far cry from saying, and there will be damages in the future for ongoing infringement beyond the date of trial that we don't know what they are yet and so you need to set a running royalty. That was never presented to this jury.

And if I'm mistaken, now's the time to point it out to me, but that's my best recollection.

MR. STRABONE: Your Honor, both Mr. Weinstein and Mr. Gerardi presented on a per-transaction basis their damages analysis. And so that assumes that going -- that those transactions will continue going forward. And so that any damages award is related to that per-transaction basis.

THE COURT: So you're telling me that where damages evidence is put forward on a per-transaction basis, that that, per se, can only be a running royalty and could never properly be a lump-sum award?

MR. STRABONE: Your Honor, I -- I don't think there could never properly be a lump-sum award, but, again, I -- I think the only evidence that the jury has heard has been for this damages period through November 4th, 2019.

THE COURT: Let me ask you this, counsel. What specific evidence is before the jury in this case from which a running royalty could possibly be calculated?

MR. STRABONE: I believe I just mentioned, Your Honor, it would be on a transaction basis. I -- I don't have the -- the transcript in front of you. And if you'd like us to submit written briefing on this topic, we'd be happy to do so.

THE COURT: I don't think that's necessary. Do you have anything further for me on this?

MR. STRABONE: Not on this, Your Honor.

THE COURT: Let me hear from the Defendant responsively and affirmatively urging its position.

MR. HILL: Thank you, Your Honor.

Responsively first, Your Honor, Mr. McCullough will urge our affirmative position for Rule 50 on damages separately because it does focus on a distinct issue, Your Honor. It does not focus on this issue of lump-sum damages that the Plaintiff have raised.

Your Honor, I would respond to the Plaintiff's -- again, this is a motion for judgment as a matter of law in favor of the Plaintiff that they're making. We have no burden on damages. We don't have to put on any damages evidence.

And the question here in a Rule 50(a) context is,

is there any evidence from which a reasonable jury could make a finding about future damages? And if there's not, it doesn't mean Plaintiff is entitled to a judgment of any sort. It means the Plaintiff has failed to present sufficient evidence to support a future damages calculation.

And the Court is absolutely correct, they have only presented a damages model in this case through the date of trial. That was their choice.

We rebutted that damages theory with an expert who criticized and came up with his own number for that period. But they chose the period to present, and that's what they moved forward on, Your Honor.

There is no -- no evidence in the case that they have presented that the damages would continue past the date of trial or what or how those damages for any future dates should be calculated. They have no evidence of damages for an ongoing infringement or for an ongoing royalty.

Thus, the Plaintiff, Your Honor, has failed to present any evidence of future damages, and they have no entitlement to such. And more importantly, in the Rule 50 context, they have no way to preclude any argument the Defendants would have about future damages because, again, we bear no burden here, Your Honor.

The availability of lump-sum damages for the life of the patents is within the jury's discretion to award if they believe that that is the appropriate measure of damages in the case. It is not dependent on the Plaintiff's choice of how they chose to present their model.

The jury can award damages to compensate for the infringement if they believe, based upon the evidence, that a lump-sum award is what would have resulted from the hypothetical negotiation. And we believe there is evidence in the case that -- from which the jury can conclude that a lump sum would be the most appropriate award.

And based on that, Your Honor, we think the Plaintiff's motion should be denied in its entirely, and we will separately urge our motion regarding damage issues.

THE COURT: Let me hear Defendant's affirmative motion.

MS. GLASSER: Your Honor, may I be heard briefly on the issue?

THE COURT: I'll let you follow up after I hear this. That will be a better structure, I think.

MR. MCCULLOUGH: Thank you, Your Honor.

Wells Fargo moves for judgment as a matter of law on the issue of damages for two reasons.

First, USAA has failed to properly apportion the

value of its inventions, and, therefore, cannot support its claims for damages.

USAA's damages expert, Mr. Weinstein, agreed the goal of the hypothetical negotiation is to value the invention of the patents-in-suit, which is different from the value of mobile remote deposit capture as a whole.

The accused feature is a specific form of automatic capture, and Mr. Weinstein agreed that the accused mobile apps include numerous unpatented features.

Mr. Weinstein testified at trial that the evidence he relied on to reach his opinions as to damages were not -- was not specific to auto capture and instead related to mobile deposit generally.

Additionally, USAA has failed to prove the conditions necessary to support the application of the entire market value rule.

Finally, Mr. Weinstein also relied on a flawed apportionment factor from USAA's other damages expert, Mr. Calman. Mr. Calman's apportionment factor was based on the analyses that were overbroad and included the value of unaccused features. Thus, Mr. Calman's testimony cannot provide the apportionment necessary to support USAA's claims for damages.

THE COURT: All right. Counsel, anything further?

MR. MCCULLOUGH: Yes, Your Honor.

Next, judgment as a matter of law is warranted on pre-suit damages because no reasonable jury would have sufficient basis to find that Plaintiff sufficiently marked the patents-in-suit or otherwise notified Defendant, Wells Fargo, of infringement.

And it's undisputed that USAA did not mark any product with the '090 patent.

As to the '571 patent, the only evidence of marking presented was PX-1062. However, the evidence that that notification was publicly available is legally insufficient, and Plaintiff has failed to prove that the product was properly marked as of December 2016 or any other date.

Additionally, Plaintiff has put forth no properly admissible evidence that it put Defendant on notice of infringement. And, again, I incorporate Wells Fargo's prior motion for summary judgment and motion in limine relating to the February 2018 email that Wells Fargo objects to.

Further, there is no -- there's no evidence at all that USAA put Wells Fargo on notice of the '090 patent in any manner.

Finally, there's no evidence that would allow a reasonable jury to find that Defendant was aware not only of the patents but of alleged infringement of either the

'571 or '090 patents.

And, Your Honor, may I confer with counsel?

THE COURT: You may confer.

MR. HILL: Your Honor, if I may, just to assist Mr. McCullough here.

There is one additional item, Your Honor, that joins back into this point we started with, which is the absence of evidence of future damages. Plaintiff has presented no evidence of future damages on a go-forward basis, and so we would move on a Rule 50(a) motion with regard to that, while the jury is entitled to make a lump-sum award, they are not entitled to entertain. And the Plaintiff has presented no evidence to support any kind of go-forward royalty or continuing damages for future periods. They presented no evidence on that point.

THE COURT: All right. I'll hear follow-on argument from additional Plaintiff's counsel.

Ms. Glasser?

MS. GLASSER: Thank you, Your Honor.

So just to clarify a few points regarding the concept of future damages. As I believe the parties are in agreement and the Court, of course, is aware, the jury is charged with determining damages for acts of infringement that have occurred as of the date of trial.

The Plaintiff has proceeded here on a damages

theory that includes damages for the specific acts of infringement that have occurred as of date of trial.

The Defendant's expert responded with a different theory but a theory that similarly was based on specific acts of infringement through trial.

The Plaintiff had no obligation, and, in fact, no ability to ask the jury to calculate damages for acts of infringement that have not yet occurred. Those would be the matter, if they continue -- if the infringement continues post-trial, that would either be a matter for a new lawsuit or for a request for equitable relief before this Court.

THE COURT: And let me ask you, Ms. Glasser, just hypothetically. Hypothetically, if the Court were to leave this issue open for the jury and the jury were to return a verdict finding infringement and awarding some amount of money as adequate compensation, how would you propose the Court to determine and on what basis does the Court have any evidence before it from which it could possibly determine what an accurate running royalty would be in the future?

MS. GLASSER: So I can -- by the way, I believe that the verdict form -- although I can check, I believe the parties have agreed the verdict form should include specifically damages just through the date of trial.

02:25:03 The Court, of course, considers --

02:25:05 THE COURT: We'll talk about the verdict form and the charge later, and they're the Court's charge and the Court's verdict form, but I understand the parties have registered their positions.

02:25:15 MS. GLASSER: Yeah. So if hypothetically we're in a scenario in the future where we're down a path of a request by the Plaintiff for an ongoing royalty post-trial --

02:25:25 THE COURT: Let's -- let's say that I follow your suggestion and there's a verdict form that has an award of -- a monetary amount for damages through the date of trial, end of story, jury brings back a verdict that awards some amount of money in that question or that answer, what -- and then afterward at some post-trial date I have a motion to award a running royalty urged by you, how are you going to tell me that from the record in this case I could possibly chart a clear and discernible path to establishing a set running royalty?

02:26:02 MS. GLASSER: So as -- as the Court is aware, post-trial royalties are subject to a form of modified Georgia-Pacific analysis. It's not identical to the original one, but typically, the starting point for the analysis is taking the jury's verdict and determining if it can be split into a per unit.

In this particular instance, virtually any number the jury would come back with, although I don't know quite what they're going to do, most likely would be fairly easily addressed in that manner because there is clear evidence in the record of the number of mobile deposit transactions that occurred during the damages period of December 15th, 2016, up through approximately the date of trial.

So I wouldn't want to pre-judge exactly what the equitable factors would be, and then Your Honor would go about doing that, but that would typically be a starting point for the analysis. And based on the evidence in the record, there would be plenty to -- to work with and -- and get a -- a fairly concrete calculation there.

THE COURT: Well, I understand that in the posture of a forward-looking royalty, there are modified factors for the Court to consider. And I understand that the Court can award a running royalty at a higher rate than to an underlying base rate that might have been established by the jury's verdict, given the ongoing nature of the infringing use.

However, all of that is premised upon there being a clear and discernible running royalty rate establishable from the verdict as returned by the jury. And at that future date when you're back before me on this hypothetical

scenario with that motion for a running royalty, this jury is going to be long gone, and the ability to get any additional guidance from them is going to be over. And I don't know how, given the evidence in this case, I could take a single number awarded in a damages answer to the verdict form and extrapolate backwards to determine a fair and a discernible running royalty.

And if -- if there's evidence that allows that to be done, you need to tell me about it. But I'm sitting here worried about the future, which is part of what I get paid to do. And I know what the evidence is. And anticipating that that scenario might come to pass, I have really very valid concerns about the viability of what you tell me should be -- should be readily discernible from what we have before us.

You telling me that and me being able to do it based on the record and the verdict at a future date may be two different things, which causes me a fair amount of concern.

MS. GLASSER: And I understand, Your Honor. So just to be more concrete -- and, again, I think the situation there -- there are many cases out where Judges have to do some extrapolation from the jury's verdict. I think this one is well within the range of what's permissible.

02:29:17 In fact, here it's quite a bit more concrete. Mr.
02:29:21 Bunt has reminded me of the specific number -- I mentioned
02:29:24 earlier there was a specific number in the record of the
02:29:27 number of deposits from which the expert's figures were
02:29:29 calculated. Mr. Weinstein testified to that number, 231
02:29:35 million total deposits.
02:29:37 There's also very concrete evidence in the record
02:29:40 exactly how many of those deposits were auto capture. And
02:29:44 so here, we -- we don't have a situation where we would
02:29:47 need to sort of pick a number and guess how to divide it
02:29:51 up. We could discern and back out very easily what the per
02:29:55 unit number was.
02:29:57 And, in fact, there's not even the problem that
02:29:59 you end up with some cases where one expert is urging an
02:30:04 approach that really is truly a lump sum, just a number
02:30:07 that the parties allegedly would have agreed to.
02:30:10 Both parties' experts did adopt an approach that
02:30:15 considered specific transactions and then purported to pick
02:30:19 a number based upon them. That was the approach of the
02:30:23 Defendant's experts, as well, although it was a -- a
02:30:26 different metric than the one used by the Plaintiff's
02:30:29 expert.
02:30:32 THE COURT: Well, I hear what you say. The
02:30:36 only -- the problem that I see is the damages evidence that
02:30:41 you put forward in this trial is not X number of deposits

with auto capture remote deposit times X amount per deposit gives me my damages ask that I presented to the jury.

Your damages ask is based on additional business that they would have gotten from customers that they didn't get. Your ask is based on building branch banks that don't have anything to do with a rate per auto capture deposit that was made.

Your evidence has to do with an ecosystem of some sort that's in the record. Your damages evidence is not this many transactions times this rate gives you this dollar amount of damages. It's not nearly that straightforward, Ms. Glasser.

And so telling me because there's a -- a supposedly known number of remote auto capture deposits, Judge, you can just easily back into a clear number for a running royalty, that might be the case if your damages model was rate times base equals ask. But your damages model is very different than that.

MS. GLASSER: Well, to be clear, though, each of the three components that add up to the total ask, each and every one of those was tied to a specific number of deposits and a specific figure.

And so, for example, the original calculation based on the Zelle comparison was 60 cents per unit. And Mr. Weinstein went and walked through on a per transaction

basis exactly how he got to each of the numbers within each category.

And so while I agree with Your Honor it's not as easy as a case where somebody says it's 3 percent and then we just go on and we -- we apply a 3 percent, the type of theory here, nonetheless, turns out to be the same construct where in the end you can back out a per unit figure from the verdict.

And, of course, the fact that the -- the -- there is no, you know, percentage rate in this case doesn't change the underlying fundamentals, which is that Plaintiff had only the ability and only the obligation to put on evidence of damages for the actual acts of infringement that have already transpired.

The future remedy for any future infringement post trial is simply another issue for another day, either through matters of equity or through another -- another lawsuit or whatever the case may be.

THE COURT: All right. Do you have anything further, Ms. Glasser?

MS. GLASSER: Not on that issue.

THE COURT: Anything further from Defendants on this issue?

MR. HILL: Your Honor, they presented a lump sum. They don't want the jury to answer on that basis, and we

02:33:39 1 think the Court has identified the issue they've created
02:33:41 2 for themselves. The jury is entitled to answer on the lump
02:33:44 3 sum royalty for these patents because that's the damage
02:33:48 4 model they've been given.
02:33:51 5 THE COURT: All right. With regard to the portion
02:34:00 6 of Defendant's affirmative motion under Rule 50(a)
02:34:03 7 concerning the topic of damages, I want to ask a question
02:34:06 8 regarding the marking issue or the pre-suit damages.
02:34:11 9 Don't we need to determine from the jury when the
02:34:14 10 damages period began with regard to marking and notice?
02:34:18 11 And is it possible that that could be different for each of
02:34:21 12 the two asserted patents? What do Defendants say to that?
02:34:29 13 MR. MCCULLOUGH: Your Honor, we would submit that
02:34:32 14 there is insufficient evidence of marking regardless, but
02:34:32 15 we certainly understand Your Honor disagrees and submits
02:34:37 16 that to the jury, and I think it is possible the jury could
02:34:38 17 come up with different damages periods for each of the
02:34:41 18 asserted patents.
02:34:45 19 THE COURT: Let me ask the Plaintiffs to respond
02:34:46 20 to that same question. Don't we need to determine when the
02:34:54 21 damages period began with regard to marking and notice, and
02:34:57 22 is it possible that's different for each of these two
02:34:59 23 patents?
02:35:00 24 MS. GLASSER: So that's correct, Your Honor. The
02:35:03 25 '571 patent, the evidence in the record and -- both

parties' experts testified to the period begins December 15th, 2016.

The '090 patent issued later.

THE COURT: Right.

MS. GLASSER And so that one, the issue is -- is damages would accrue from the issue date.

The parties' damages experts are in agreement that there's no distinction between how damages would be calculated for the two patents, and it would add in this case I think it's -- it's a moot point because it's -- there's only one infringement defense being asserted and it applies equally to both patents. There's no additional defense being asserted that would permit the jury to come up with a finding only on the '090 patent and to reject infringement for the '571.

THE COURT: All right.

MR. MCCULLOUGH: Your Honor, may I say something further?

THE COURT: You may.

MR. MCCULLOUGH: Two points.

One, on the '090 patent, there is no evidence -- and I'm not even sure there's an allegation of marking. It's undisputed that the only patent listed on that page was the '571. And second, in response to Ms. Glasser, we did ask Mr. Gerardi, our damages expert, to provide his

ultimate damages calculation for several different time periods. So I don't think it's agreed that the parties are -- are in agreement on the damages period or that the '090 and '571 patent should be treated the same.

THE COURT: All right. Thank you, counsel, for your arguments regarding these competing motions under Rule 50(a).

Let me give you my rulings.

With regard to the issues related to infringement, both literally and under the Doctrine of Equivalents, Plaintiff's motion for judgment as a matter of law that the asserted claims have been infringed is denied.

Defendant's motion for judgment as a matter of law that the asserted claims have not been infringed is denied.

With regard to the allegations regarding willful infringement, Plaintiff's motion for judgment as a matter of law that the asserted claims have been willfully infringed is denied.

And Defendant's motion for judgment as a matter of law that the asserted claims have not been willfully infringed is denied.

With regard to the presentations made to the Court today regarding Section 101 of the Patent Act and patent eligibility, the Court has previously ruled as a matter of law under the Alice/Mayo analysis, particularly Step 1 of

that analysis, that these claims are directed toward a -- are not directed toward an abstract concept, and, therefore, are patent eligible.

There has been no evidence presented under Step 2 because the parties came to trial understanding the Court had disposed of the eligibility issue as a matter of law under Step 1.

The Court finds that under either Step 1 or Step 2, none of those matters have been heard by this jury nor were they presented to this jury as a part of this trial. And consequently, Court finds that any relief under Rule 50(a) of the Federal Rules of Civil Procedure regarding patent eligibility would be improper here.

And based on that, the Court denies any and all requested relief by the parties with regard to the eligibility issue.

With regard to the damages issue and Plaintiff's affirmative motion under Rule 50(a) that a lump sum award be excluded as a matter of law and the jury only be permitted to award an amount that would be in effect a running royalty, that motion is denied.

With regard to Defendant's motion for judgment as a matter of law that no damages are appropriate because Plaintiff has failed to properly apportion, no damages are appropriate for pre-suit damages because of the assertion

that Plaintiff has failed to properly mark.

And as to the Defendant's motion that only a lump sum could properly be awarded in this case based on the evidence and as a matter of law under Rule 50(a), all of those matters are denied, as well.

All right. That appears to the Court to complete argument and ruling on any issues raised by either Plaintiff or Defendant under Rule 50(a).

With this, counsel, I have 20 minutes until 2:00 -- excuse me, until 3:00.

At 3:00 o'clock, I will begin an informal charge conference in chambers to address the current submitted version of the final jury instructions and verdict form. I would invite counsel for both parties to meet me in chambers where I intend to take these matters up informally, asking for and receiving hopefully full and direct input from the parties about any and all areas where they're not in agreement.

As I've indicated, after I have the benefit of your fulsome input from both sides, I'll generate what I believe to be the appropriate resulting final jury instructions and verdict form, and after you've had an opportunity to review them, I'll conduct a formal charge conference on the record where any objections either party believes are appropriate can be made.

All right. We stand in recess until 3:00 o'clock. I'll see you in chambers then.

COURT SECURITY OFFICER: All rise.

(Recess.)

(Jury out.)

COURT SECURITY OFFICER: All rise.

THE COURT: Be seated, please.

Subsequent to the Court's hearing issues raised by the parties under Rule 50(a) of the Federal Rules of Civil Procedure, the Court adjourned to the chambers and met with counsel and conducted an informal charge conference at which time the Court sought and obtained full and informative input and comments from counsel for the competing parties as to the latest submissions regarding a final jury instruction and verdict form.

Questions were asked, answers were given, discussions were held, and the Court feels it benefitted by the input and dialog during that informal charge conference.

Subsequent to the completion of that informal charge conference, the Court factored into its thinking the various comments and input received and has subsequently generated the current version before it of the final jury instructions and verdict form.

The Court's provided those to counsel for the

parties with an opportunity to review the same. And the Court will now conduct a formal charge conference on the record by which -- or during which either party, through its counsel, may when they feel compelled, lodge such objections as they deem appropriate to the existing and most current version of those final jury instructions and verdict form.

As is the Court's typical practice, I'd like to ask one spokesperson for each Plaintiff and Defendant to go to the podium; I'll go through first the final jury instructions page-by-page. As we go through them, at any page where you believe something has been included that's not proper and warrants an objection, you're free to make it.

At each place on each page, if any, where you believe something important that you've requested has been omitted, you're entitled to lodge that objection if you believe it's appropriate, and as we go through these documents page-by-page, any other matters that you believe the interest of your clients require you to object to, you're free to make those objections. But to make sure that all issues are covered and to avoid any possible oversights, the Court will do this on a page-by-page basis, beginning first with the final jury instructions and then turning to the verdict form.

So with that, whoever is going to address these matters for Plaintiff, please go to the podium, together with whoever is going to address these matters for Defendant.

And that appears to be Mr. Rowles for Plaintiff and Mr. Underwood for Defendant.

MR. ROWLES: Yes, Your Honor.

THE COURT: Okay. Let's turn, gentlemen, to the final jury instructions beginning with the cover page or Page 1. Are there any objections here from either party?

MR. ROWLES: None for Plaintiff, Your Honor.

MR. UNDERWOOD: None for Defendant.

THE COURT: Turning then to Page 2, are there objections to -- from either party?

MR. ROWLES: None for Plaintiff, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Turning next to Page 3, are there objections from either party?

MR. ROWLES: None for Plaintiff, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Next is Page 4, are there any objections?

MR. ROWLES: None from Plaintiff, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Turning next to Page 5, are there

objections from either party?

MR. ROWLES: None for Plaintiff, Your Honor.

MR. UNDERWOOD: None from the Defendant.

THE COURT: Turning next to Page 6 of the final jury instructions, are there objections from either party?

MR. ROWLES: None from Plaintiff, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Turning next to Page 7, are there objections from either party?

MR. ROWLES: None from Plaintiff, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Turning next to Page 8, are there objections from either party?

MR. ROWLES: None from Plaintiff, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Turning next to Page 9, are there objections here from either party?

MR. ROWLES: Your Honor, I'd reurge the trial brief that was filed last night regarding a curative instruction on the issue of comprising to respond to the testimony of Dr. Villasenor yesterday.

THE COURT: All right. Well, the Court is persuaded that these final jury instructions adequately, as they presently stand, cover that issue. So that objection is overruled.

MR. ROWLES: Understood, Your Honor.

THE COURT: Any other objections from either party with anything -- with regard to anything on Page 9?

MR. ROWLES: Not from Plaintiff, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Turning then to Page 10, anything by way of objection here from either party?

MR. ROWLES: Yes, Your Honor. In the third full paragraph beginning, I will now instruct, a relatively minor objection, but I believe it's a duplicate of the same paragraph on the next page which includes the statement about the Doctrine of Equivalents, and so we'd request that this paragraph, which I think is superfluous, be removed on Page 10.

THE COURT: All right. I don't find that those provisions are completely duplicative, although the language of I now instruct is common. I think these are distinct, and I'm going to overrule that objection.

Anything else on Page 10 from either Plaintiff or Defendant?

MR. ROWLES: There is from Plaintiff, Your Honor, and it -- it crosses into Page 11, but it's the sentence -- the last sentence beginning you should not compare the accused product with any specific examples set out in the patent, and then the following paragraph regarding the only

correct comparison being between the accused product and the language of the asserted claims in -- under these facts where the commercial embodiment of the patent owner is not disputed to practice the claims of the asserted patent, we believe such comparisons are appropriate, and so the instruction beginning on Page 10 and going into the top of Page 11 would be incorrect.

THE COURT: That objection is overruled.

Anything else on Page 10 from either party?

MR. ROWLES: Nothing more from Plaintiff, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Turning then to Page 11, is there objection here from either party?

MR. ROWLES: Nothing more than I've already stated.

MR. UNDERWOOD: None from Defendant.

THE COURT: In that case, we'll turn to Page 12, and I'll ask if there's any objection here from either party?

MR. ROWLES: Nothing from Plaintiff, Your Honor.

MR. UNDERWOOD: Your Honor, Defendant does have an objection to the paragraph that is the second from the bottom on Page 12 beginning with now you heard reference. It is Defendant's position that this paragraph is a

misstatement of the All-Elements Rule. In addition, Your Honor, it is Defendant's position that this -- this paragraph can do nothing other than cause confusion for the jury, and as a result of both of those grounds, Your Honor, we would request that it be excluded.

THE COURT: Well, counsel, I'm going to overrule your objection. You'll see that the first sentence of the immediately following paragraph addresses the All-Elements Rule. It makes it clear that that's still the governing requirement here.

So in light of the coverage that immediately follows this paragraph and makes it clear that all elements must be present either literally or under the Doctrine of Equivalents for a claim to be infringed, I'm going to overrule your objection.

MR. UNDERWOOD: Thank you, Your Honor.

THE COURT: Anything else from either side on Page 12?

MR. ROWLES: Not from Plaintiffs, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Turning then to Page 13, is there any objection here from either party?

MR. ROWLES: There is from Plaintiffs, Your Honor. In the -- preceding the sentence beginning your determination of willfulness should incorporate the

totality of the circumstances, Plaintiffs had previously urged that the Court provide an instruction regarding copying of a patented embodiment of the invention, in this case, the commercial embodiment of the patent owner, and we believe given the evidence adduced at trial that that'd be an appropriate instruction for the jury to hear concerning willfulness.

THE COURT: And I've considered that position, although I've determined that in light of the clear instruction, that the totality of the circumstances should be considered. That in no way prohibits Plaintiff from asserting its arguments in that regard. But I don't feel that I should zero in on a single circumstance when I've instructed the jury that it is, in fact, the totality of all circumstances that they should consider. So that objection is overruled.

MR. ROWLES: Understood, Your Honor.

THE COURT: Anything else from either party with regard to Page 13?

MR. ROWLES: Nothing else from Plaintiff, Your Honor.

MR. UNDERWOOD: Defendant does have an objection, Your Honor. This is in the middle of the largest paragraph on Page 13. We object to the portion of the sentence -- the sentence is you may find Wells Fargo's actions were

egregious. That's how it begins. But our objection is specifically to the portion beginning, if it acted, and then continuing to the end of the next sentence. And our objection is that this misstates the law in two respects.

I beg your -- I beg your pardon, Your Honor.

Your Honor, it's our position that this misstates the law because it includes an instruction on recklessness, and it also includes a variation of the deliberate indifference instruction. We believe there's no evidence of that and also that it misstates the test for deliberate indifference under Global-Tech.

Your Honor, we would also object to these instructions because there is no requirement for knowledge, and we would request that that be included in these instructions.

THE COURT: All right. And I -- I've considered these same objections, which were voiced in the informal charge conference, and it's the Court's determination that that objection should be and it is overruled.

MR. UNDERWOOD: Thank you, Your Honor.

THE COURT: Anything else on Page 13, gentlemen?

MR. ROWLES: Nothing for Plaintiff, Your Honor.

THE COURT: Anything further for Defendant on Page 13?

MR. UNDERWOOD: Not from Defendant.

THE COURT: Then we'll turn next to Page 14. Is there any objection here from either party?

MR. ROWLES: Not from Plaintiff, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Turning next to Page 15, are there any objections here for either party?

MR. ROWLES: Not for Plaintiff, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Counsel, you'll note that at the beginning -- excuse me, at the bottom portion of Page 15 continuing through all of Page 16 and the top half of Page 17, the 15 discreet Georgia-Pacific factors are set forth.

Is it the parties' agreement that all 15 factors should be charged to the jury in this case? That was my understanding. I'd like to confirm it on the record.

MR. ROWLES: That's my understanding, as well, Your Honor.

MR. UNDERWOOD: Same for Defendant.

THE COURT: All right. Then with that, let's turn to Page 17, and I'll begin with the bottom half of that page and ask if there's any matter set forth there that either party feels compelled to lodge an objection in regard to?

MR. ROWLES: Not from Plaintiff, Your Honor.

MR. UNDERWOOD: Defendant has just a couple objections to the paragraph that is at the very bottom of Page 17.

First, Defendant would object to the language, minimum amount, in the first sentence of that paragraph because it is confusing and misleading to the jury.

Additionally, Defendant would object to the language evidence of additional profits in the second sentence. It is Defendant's position that there's no evidentiary support for the inclusion of that language.

And then, finally, Plaintiffs would object -- or excuse me, Defendant would object to the final sentence in the inclusion of the language referencing the exceeding of the profits expected by the patentee because it is our position there is no evidence of that, and it can only cause confusion for the jury.

THE COURT: All right. That objection is overruled.

Let's turn next to Page 18, and let me ask if either party has an objection here.

MR. ROWLES: None from Plaintiff, Your Honor.

MR. UNDERWOOD: Defendant does have an objection to the second to last paragraph, the paragraph beginning with the sentence starting the earliest date, and specifically, Defendant's objection is to the second

sentence of that paragraph, to the inclusion of the November 14, 2017 date, Defendants contend that there is no evidence of marking for the specific '090 patent and that there's no Federal Circuit authority supporting marking of a different -- supporting the idea that -- that marking of a different patent can satisfy Section 287.

Along those same lines, it's Defendant's position that evidence of notice of a different patent is insufficient to provide notice of a related patent.

And for these reasons, Defendant would request that the Court include the date of filing of the lawsuit in place of the November 14, 2017 date because there is no pre-suit actual or constructive notice for the '090 patent.

THE COURT: That objection is overruled.

Anything further on Page 18 from either party?

MR. ROWLES: Not from Plaintiff, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Turning next to Page 19, is there objection here from either party?

MR. ROWLES: Not from Plaintiff.

MR. UNDERWOOD: None from Defendant.

THE COURT: And, finally, turning to the last page of the final jury instructions, Page 20, is there objection here from either party?

MR. ROWLES: Nothing from Plaintiff, Your Honor.

05:48:33 MR. UNDERWOOD: None from Defendant.
05:48:34 THE COURT: All right. Counsel, let's next turn
05:48:35 to the verdict form which you have before you. I'll follow
05:48:42 the same approach here with regard to the first page of the
05:48:46 verdict form.
05:48:48 Is there any objection to anything here from
05:48:51 either party?
05:48:52 MR. ROWLES: Not from Plaintiff, Your Honor.
05:48:53 MR. UNDERWOOD: None from Defendant.
05:48:56 THE COURT: Turning next to Page 2, is there
05:48:58 objection from either party?
05:49:00 MR. ROWLES: Not from Plaintiff.
05:49:01 MR. UNDERWOOD: None from Defendant.
05:49:02 THE COURT: Page 3, is there any objection from
05:49:04 either party?
05:49:05 MR. ROWLES: Not from Plaintiff, Your Honor.
05:49:07 MR. UNDERWOOD: None from Defendant.
05:49:08 THE COURT: Turning next to Page 4 of the verdict
05:49:10 form wherein Question No. 1 is found, is there objection
05:49:13 from either party?
05:49:15 MR. ROWLES: No objection from Plaintiff, Your
05:49:16 Honor.
05:49:16 MR. UNDERWOOD: There is an objection, too, from
05:49:19 Defendant to the form of this question.
05:49:20 The first ground, Your Honor, is that Defendant

would object to the failure to include separate questions on infringement, one for literal infringement and one for infringement under the Doctrine of Equivalents.

It is Defendant's position that there's legally insufficient evidence under Federal Circuit precedence -- precedent of infringement under the Doctrine of Equivalents as it relates to the testimony of Dr. Conte in this case, and for that reason, Your Honor, we would object to the form of this question on that ground.

And then, additionally, Your Honor, Defendant objects to the form of this question because we believe that each separate claim should be listed such that the jury would have to find infringement for each claim on an individual basis because each claim of a patent is a separate invention.

THE COURT: Thank you, counsel. Those objections are overruled.

MR. UNDERWOOD: Thank you, Your Honor.

THE COURT: We'll turn next to Page 5 of the verdict form wherein Question 2 is located. Is there objection here from either party?

MR. ROWLES: Not from Plaintiff, Your Honor.

MR. UNDERWOOD: None from Defendant.

THE COURT: Turning next to Page 6 where Question 3 of the verdict form is located, is there objection here

from either party?

MR. ROWLES: Not from Plaintiff, Your Honor.

MR. UNDERWOOD: There is an objection from the Defendant. The Defendant objects to the form of this question because it does not include a lump sum instruction, and we believe that the evidence adduced in this trial, both by Plaintiff and Defendant, is such that only a lump sum would be appropriate, and as a result, that the lump sum language should be included in this question.

And then a separate ground, Your Honor, Defendant objects to this question and would request a separate question on the marking issue because we believe it should be separate.

THE COURT: Those objections are overruled.

We'll turn to Page 7 being the final page of the verdict form, and I'll inquire, is there objection here from either party?

MR. ROWLES: No objection from Plaintiff.

MR. UNDERWOOD: None from Defendant.

THE COURT: All right. Counsel, that will complete the formal charge conference with regard to these matters.

The Court will prepare, as is its practice, eight hard copies of the written final jury instructions so that

each member of the jury can be told they'll have their own written copy to take with them to the jury room during their deliberations.

The Court will also prepare one clean copy of the verdict form and those eight copies of the final jury instructions together with the clean copy of the verdict form will be delivered to the jury when they are instructed to retire and deliberate after the completion of the Court's final instructions and the closing arguments of counsel, which will take place in the morning.

Are counsel aware of anything else the Court should take up this evening before recessing until tomorrow morning?

MR. ROWLES: Nothing from Plaintiff, Your Honor.

MR. UNDERWOOD: There is one thing from Defendant, Your Honor.

I was just informed -- and I'm not trying to reopen any of the -- the objection process that we just covered, but I was just informed by my co-counsel that I should have made a similar objection to Question 2 of the verdict form, the objection being similar to that raised in response to Question 1, which is that Wells Fargo would request that willfulness be submitted such that the jury would have to answer willfulness with respect to each of the asserted claims.

THE COURT: Well, that objection is overruled, and to the extent you're making it, I guess you are unavoidably asking to reopen, and I'll allow you to reopen for that purpose, but I'll overrule your objection.

MR. UNDERWOOD: Thank you, Your Honor.

THE COURT: All right. The formal charge conference is complete.

Counsel, I will see you in the morning at 8:30.

We have had a discussion in chambers about exchanging demonstratives and other matters for use in closing arguments. Please inform your lead counsel who will be presenting closing arguments that I will be in chambers by 7:30 in case there are any disputes that cannot be worked out overnight during the meet and confer process.

But I intend to bring the jury in and begin my final jury instructions as close to 8:30 in the morning as possible.

With that, counsel, we stand in recess until tomorrow morning.

COURT SECURITY OFFICER: All rise.

(Recess.)

CERTIFICATION

I HEREBY CERTIFY that the foregoing is a true and correct transcript from the stenographic notes of the proceedings in the above-entitled matter to the best of my ability.

/S/ Shelly Holmes
SHELLY HOLMES, CSR, TCRR
OFFICIAL REPORTER
State of Texas No.: 7804
Expiration Date: 12/31/20

11/5/19
Date